

## ELIMINATING THE GENDER SUPERANNUATION GAP

### ONE STEP TO ACHIEVE LIFELONG ECONOMIC WELLBEING

For over 20 years economic Security4Women has engaged in civil and government dialogue on all the reasons why narrowing the gender superannuation gap is imperative for women to achieve lifelong economic wellbeing.

Our White Papers on "[Defining the concept of economic security for all women \(2018\)](#)" and "[Issues relating to the economic security for all Australian women \(2020\)](#)" provide evidence on what women need to achieve financial security in retirement. The following issues must be addressed through policy reform to close the gap in superannuation balances between men and women:

- Eliminate the gender pay gap
- Access to affordable and accessible childcare
- Ongoing superannuation contributions for absence from workforce
- Ongoing investments in skills, training and education
- Rising female workforce participation
- A liveable pension for those women who, for whatever reason, do not accumulate sufficient superannuation

Four years after our first White Paper, women still retire with 42% less super than men. There has and continues to be an abundance of research published that highlights the reasons for the superannuation gap and all the policy changes that could be implemented to narrow that gap. Therefore, we see no need to reiterate that research and those findings!

---

**The challenge to the Australian Government is:**

***"Will you be the government to start the narrowing of that gap so in the next century this will be a history lesson not a reality".***

---

The persistent and wide differentials in the pay and superannuation balances of men and women is linked to many variables such as the differences in full-time equivalent wages paid to different industries and the undervaluing of unpaid care work.

We acknowledge that we are one "tiny" step closer to helping close the gap with the abolishment of the \$450 a month Superannuation Guarantee threshold on 1 July 2022.

However, this is a fraction of what needs to occur and NOW is the time to start implementing further policy changes so anyone on income replacement payments ie: paid parental leave and carers payments are guaranteed superannuation contributions.

**EVERY "SMALL" EFFECT OF A POLICY IMPLEMENTED TO PROVIDE MORE RETIREMENT INCOMES WILL ADD UP TO A "VERY LARGE" EFFECT IN THE LONG-TERM – THINK OF IT AS COMPOUND INTEREST - \$1 TURNS INTO \$10 TURNS INTO \$100 AND SO ON**

## RECOMMENDATIONS

### 1. Recognition of unpaid care work:

This can occur through the Federal Government provision of a government funded “carer credit” for qualified carer benefit recipients. In addition to a regular income stream, the credits are also allocated in the form of superannuation payments, pension top-ups and other government services.

This should be seen as a partial payment for the savings to the budget these carers implicitly accrue from their unpaid care for dependent family members. Women undertake the vast majority of such unpaid care work so these reforms will be an important step in closing the gender pay and superannuation gaps.

### 2. Superannuation paid on paid parental leave

Introduce compulsory superannuation payments for parents on parental leave. One of the key reasons for the persistent gender superannuation gap is the result of parents, (overwhelmingly new mothers), leaving paid employment to take parental leave.

Over the course of several decades from when this leave is usually taken to the time of retirement, the compounding effects of lower superannuation balances is substantial. Having a regulatory requirement that those on parental leave continue to be paid the same superannuation contributions as if they remained in their current role would address this shortfall in a material way.

### 3. Review some ‘non-mainstream’ solutions

Implement a fourth stream of super to contribute to women’s superannuation balances. Fintech companies can help. In particular, having superannuation contributions paid in the form of a shopping rewards scheme is one such innovation. These innovations are also part of the process of adding to financial literacy as users of these schemes are increasingly alert and aware of how the superannuation system works. It is important to note that these innovations do not cost the government any money, which adds to their appeal.

### 4. Many small, incremental steps, are needed to eliminate the gender superannuation gap

Given the reasons for the gender super gap are well understood, the policy reforms needed to eliminate this differential are also well understood. We acknowledge that there is no single solution – instead a series of policy changes will each make a contribution, step-by-step. We are well aware that these reforms, implemented in full, would take some time to close and then eliminate the super gap – there is no quick-fix.

That does not mean that the task is too hard. On the contrary, the earlier these reforms are implemented, the quicker the superannuation gap will start to close and the sooner it will be eliminated.

As eS4W has noted in all of our work and recommendations, these reforms do have a significant initial cost to the budget and / or to the labour costs of the business sector. This cost is short term. The longer run consequences will be to close the superannuation gap between men and women which will act as a saving over the long run when women today reach their retirement.

.....

economic Security4Women is a National Established Network championing civil and government dialogue and connections for over 20 years through the members and partners.